



Wisconsin Room Tax Self-Audit Tool

The Wisconsin Hotel & Lodging Association (formerly the Wisconsin Innkeepers Association) has developed this Self-Audit worksheet tool to more easily enable the local tourism industry and municipalities to compare the history and use of Room Tax in their area to the requirements in the state Room Tax Statute (66.0615). Notations explaining some portions are included for convenience. Please see the end for additional resources.

History

1. Municipality: _____

2. Room Tax Ordinance Number: _____ Ordinance Passed (Date): _____

3. Room Tax Effective Date: _____ Initial Room Tax Percentage: _____ %

Date of 1st Change : _____ Percentage Changed To: _____ %

Date of 2nd Change: _____ Percentage Changed To: _____ %

Date of 3rd Change: _____ Percentage Changed To: _____ %

4. Was there a Room Tax in place as of May 1, 1994? Yes No

If yes, what was the percentage? _____ %

If yes, what percentage of the revenue was kept by the municipality for their own use? _____ %

NOTE: According to state statute 66.0615 (Room Tax Law), if a municipality imposed a room tax as of May 1, 1994, they may retain not more than the same percentage of the room tax that they retained as of that date. Thus they are considered "grandfathered in", enabling the municipality to retain a cap of the percentage they kept for their own use as they did in May 1994. Any Room Tax increases after May 1, 1994 may not be "grandfathered in" and must follow the requirements in the statute to spend at least 70% of the new tax on "tourism promotion & development" as defined in the statute.

5. Is this municipality considered "grandfathered in" under the state Room Tax Law?

Yes, all of our Room Tax is grandfathered in Yes, but only the initial _____ % is grandfathered No

6. How many lodging properties are in this municipality? _____

7. Is this municipality considered a "Tourism Destination" (i.e. does it have numerous tourist attractions that are either independent or located on a lodging property)?

- Yes No Uncertain

NOTE: In general, a municipality with minimal lodging properties or tourist attractions to promote usually does not have a need for a Room Tax unless it enters into a regional promotion group with other municipalities (called a "tourism zone").

Current Status

1. Who has direct oversight of room tax expenditures?

- Common Council
- Municipal Committee Committee Name: _____
- Convention & Visitor Bureau
- Chamber of Commerce
- Other: _____

2. Does this oversight entity have direct representation by lodging owners or operators in its governing body?

- Yes No

If yes, how many positions are held by lodging owners/operators? _____

What percentage is this of total governing positions? _____ %

NOTE: Representation by lodging property owners/managers is required by statute for Commissions overseeing Room Tax expenditures, and it is highly recommended for other oversight entities, as these representatives not only are the collectors of this tax, but they are also familiar with what tourism promotion and development expenditures may attract paid overnight stays, as referred to in the statute.

3. Does the municipality currently retain a portion of the room tax revenue?

- Yes No

If yes, what percentage is retained? _____ %

NOTE: A municipality, per their ordinance, may retain up to 30% of Room Tax revenue for their own purposes, such as funding Main Street programs or Economic Development initiatives, etc. However, if on May, 1, 1994, the municipality imposed a Room Tax and they retained less than 30%, they may only continue to retain the lower percentage in place at that date.

4. How often is a report made public on the expenditures funded by room tax?

- Annually Every six months Quarterly Monthly

5. In the last fiscal year, how much total room tax was collected? _____

6. How much of this room tax revenue was spent on the following **tourism promotion & development**:

Marketing outside the community to promote overnight stays: \$ _____

Tourist events generating multiple paid overnight stays in multiple lodging properties: \$ _____

Funding a facility that is substantially used by transient tourists (i.e. convention center) or significantly used to promote/generate paid overnight stays (i.e. tourist information center): \$ _____

Salaries/wages of staff whose primary purpose is to attract or provide tourism information/services to overnight travelers paying for lodging: \$ _____

Other tourism promotion and development projects/events fitting the definition in the state statute found below: \$ _____

Specify the projects/events: _____

TOTAL spent on **tourism promotion & development**: \$ _____

What percentage of total room tax revenue is this? _____ %

*NOTE: "Tourism promotion and development" is defined in the statute as any of the following that are **significantly used by transient tourists** and **reasonably likely to generate paid overnight stays** at more than one establishment, with different owners, paying room tax (if only one exists, then one is acceptable): 1. Marketing projects, including advertising, creation and distribution of print or electronic promotional tourist materials, or efforts to recruit conventions, sporting events or motorcoach groups; 2. Transient tourist informational services; 3. Tangible municipal development including a convention center, provided it complies with the above.*

6. How much of this room tax revenue was spent on the following **municipal projects/expenses**?

Marketing to attract businesses to locate in the area: \$ _____

Parades primarily attended by residents (not primarily by paid overnight guests): \$ _____

Municipal buildings not significantly used by tourists: \$ _____

Local farmers' markets or other events targeted to residents or those from nearby communities, also known as "day-trippers": \$ _____

Support for local museums, art galleries, or non-profit organizations that do not generate multiple paid overnight stays at multiple lodging properties, and are not utilized or visited significantly by transient tourists: \$ _____

General municipal operations: \$ _____

Other municipal expenses: \$ _____

TOTAL spent on municipal projects/expenses: \$ _____

What percentage of total room tax revenue is this? _____ %

8. List any other expenses and dollar amounts funded by room tax not covered above.

Expense Description: _____ Amount: \$ _____

TOTAL spent on other expenditures: \$ _____

What percentage of total room tax revenue is this? _____ %

NOTE: State law requires that a minimum of 70% of room tax revenue must be spent on "tourism promotion and development" as defined in the statute. The total percentages from adding section 7 and section 8 together cannot be more than 30% of room tax revenue (or a lesser amount if noted in the ordinance) unless the municipality qualifies to do so under the "grandfather clause" noted in section 1.

9. Are the data and figures submitted by individual lodging properties kept confidential, with only the aggregate data made public?

Yes

No

NOTE: The statute requires that the municipality must provide, by ordinance, for the confidentiality of the specific information submitted by the individual lodging properties.

10. Does the wording of the municipal Room Tax Ordinance clearly note how room tax revenue can be spent in compliance with state law, to ensure even newly elected or appointed municipal officials would know how to stay in compliance?

Yes

No

NOTE: It is highly recommended that the municipal ordinance on Room Tax clearly specify such components as: what entity oversees expenses, representatives on the entity, how Room Tax revenue may be spent, general reporting expectations, and reference to compliance with the state Room Tax statute 66.0615. With periodic changes in municipal, administrative, or commission leadership, this is helpful in making sure compliance with state law is maintained.

11. How can local tourism businesses and the public most easily learn, in advance, of public meetings where room tax will be discussed?

_____ Meeting agendas are posted in the local paper or online at least 48 hours in advance and would clearly state this topic

Other: _____

NOTE: With local tourism business directly impacted by how Room Tax revenue is spent, transparency in meeting discussions or actions relating to Room Tax will strengthen the relationship between the municipality and local business community.

Audit Findings

1. Questions needing to be addressed:

2. Areas needing improvement or revision:

Evaluated by:

Date:

Further Resources

The following resources are available at <http://www.tinyurl.com/WIARoomTaxInfo>

Wisconsin Room Tax Statute

Room Tax Primer

Room Tax Revenue: Examples of Proper & Improper Use

Local Room Tax: Perpetual Funding Model

Local Taxes: How Room Tax Compares



This Room Tax Self-Audit Tool is provided by the:

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